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PP RUEHCI  
DE RUEHKT #0263 0902356  
ZNR UUUUU ZZH  
P 312356Z MAR 09  
FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC PRIORITY 0001  
INFO RUEHBJ/AMEMBASSY BEIJING 6895  
RUEHLM/AMEMBASSY COLOMBO 7213  
RUEHKA/AMEMBASSY DHAKA 2535  
RUEHIL/AMEMBASSY ISLAMABAD 5257  
RUEHLO/AMEMBASSY LONDON 6407  
RUEHNE/AMEMBASSY NEW DELHI 2960  
RUEHCI/AMCONSUL KOLKATA 4549  
RHMFIUU/CDR USPACOM HONOLULU HI  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 3468

UNCLAS KATHMANDU 000263

SENSITIVE  
SIPDIS

EEB/IFD/OMA JULIA JACOBY AND SCA/INS

E.O. 12958: N/A  
TAGS: EAID ECON PREL NP  
SUBJECT: NEPAL: CENTRAL GOVERNMENT HAS TRANSPARENT BUDGET  
REF: SECSTATE 28885

Budget Publicly Available

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¶1. The following is post's response to reftel regarding the FY09 prohibition on central governments whose budgets are not transparent.

¶1A. YES, the central government of Nepal (GON) is receiving U.S. foreign assistance using FY09 funds.

¶1B. YES, Nepal's budget is publicly available.

¶1C. YES, incomes and expenditures are included in the publicly-available budget.

Post's Assessment of Accuracy of Budget

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¶2. (SBU) Post judges that the GON's budget to date accurately reflects actual government incomes and expenditures, but we have concerns about the Maoist-led government's intentions to allocate funds. The budget for FY09 has provisions for development and infrastructure, including road building, for which Finance Minister Baburam Bhattarai has yet to approve expenditures. The GON could use these provisions to funnel money to the former combatants of the People's Liberation Army or the Young Communist League, the youth wing of the Maoists that continues to engage in violent activities across Nepal.

POWELL